

**THE EFFECTIVE DATE OF THIS ORDINANCE IS FEBRUARY 14, 2008**

**ORDINANCE NO. 08-04-480**

**RE: Adoption of Limited Business Personal Property Tax**

**PREAMBLE**

State law authorizes the Board of County Commissioners of Frederick County, Maryland ("Board") to fund Frederick County Government services through imposing property tax on the assessment of property located within Frederick County. Annotated Code of Maryland, Tax-Property Article, Section 6-202. Property includes both real and personal property. Annotated Code of Maryland, Tax-Property Article, Section 1-101. For assessment purposes, property is divided into classes and subclasses of real and personal property, any or all of which may be subject to property tax. Annotated Code of Maryland, Tax-Property Article, Section 8-101. State law mandates that the Board's property tax rate on personal property shall be 2.5 times the Board's real property tax rate. Annotated Code of Maryland, Tax-Property Article, Section 6-302(b)(ii).

The Board presently imposes property tax only against real property although also receiving some revenue from a tax on both real and personal operating property of public utilities located within Frederick County. Annotated Code of Maryland, Tax-Property Article, Section 8-109. Given the cost of providing essential County services, the Board believes that it is equitable that commercial power generation projects with limited real property value but substantial operating machinery and equipment value also contribute their fair share towards funding essential Frederick County Government services. However, it is also the Board's intent that this limited business personal property tax have a revenue neutral effect in that it either reduce, or at least limit future increases to, Frederick County's general real property tax.

For the above reasons, and pursuant to the authority granted by the Annotated Code of Maryland, the Board desires to include certain limited business personal property in the property base upon which property tax is imposed. In doing so, the Board also desires to adjust the percent of assessment on which this personal property tax might be applied as permitted by new Tax-Property Article, Section 7-514, passed by the Maryland General Assembly in its 2007 Special Session, effective January 1, 2008. Accordingly, a duly advertised public hearing on this proposed Ordinance was held by the Board on the 15th day of January 2008. The public had an opportunity to comment on the proposed Ordinance at this public hearing.

NOW THEREFORE, BE IT ENACTED AND ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF FREDERICK COUNTY, MARYLAND, that Section 1-8-9 is hereby added to the Frederick County Code to read as follows:

**SECTION 1-8-9. LIMITED BUSINESS PERSONAL PROPERTY TAX.**

- (A) THAT SUBCLASS OF PERSONAL PROPERTY SET FORTH IN THE ANNOTATED CODE OF MARYLAND, TAX-PROPERTY ARTICLE, SECTION 8-101(C)(6), SPECIFICALLY BEING "MACHINERY AND

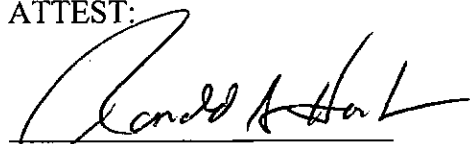
EQUIPMENT, OTHER THAN OPERATING PERSONAL PROPERTY OF A PUBLIC UTILITY, THAT IS USED TO GENERATE (I) ELECTRICITY OR STEAM FOR SALE; OR (II) HOT OR CHILLED WATER FOR SALE THAT IS USED TO HEAT OR COOL A BUILDING" IS SUBJECT TO PROPERTY TAX.

- (B) PURSUANT TO THE AUTHORITY GRANTED BY THE ANNOTATED CODE OF MARYLAND, TAX-PROPERTY ARTICLE, SECTION 6-202, PROPERTY TAX IS IMPOSED UPON THE ASSESSMENT OF THAT PERSONAL PROPERTY IDENTIFIED IN SUBSECTION (A) ABOVE.
- (C) FURTHER PURSUANT TO THE AUTHORITY GRANTED BY THE ANNOTATED CODE OF MARYLAND, TAX-PROPERTY ARTICLE, SECTION 7-514, THE PERCENT OF ASSESSMENT FOR PERSONAL PROPERTY DESCRIBED IN TAX-PROPERTY ARTICLE, SECTION 7-237, THAT IS SUBJECT TO FREDERICK COUNTY PERSONAL PROPERTY TAX SHALL BE 65% FOR THE TAXABLE YEAR BEGINNING JULY 1, 2008; 60% FOR THE TAXABLE YEAR BEGINNING JULY 1, 2009; 55% FOR THE TAXABLE YEAR BEGINNING JULY 1, 2010; AND THEREAFTER THE MAXIMUM PERCENT OF ASSESSMENT ALLOWED BY STATE LAW.

AND BE IT FURTHER ENACTED AND ORDAINED that this Ordinance shall take effect on February 14, 2008, and shall be applicable to all taxable years beginning after June 30, 2008.

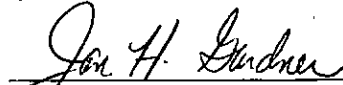
The undersigned hereby certifies that this Ordinance was approved and adopted by the Board of County Commissioners on the 14th day of February 2008.

ATTEST:



Ron Hart  
County Manager

BOARD OF COUNTY COMMISSIONERS  
OF FREDERICK COUNTY, MARYLAND



Jan H. Gardner  
President

R. J. M  
2-14-08